

Olene Walker Housing Loan Fund Annual Report to the Utah State Legislature 2007

Utah Division of Housing and
Community Development
Utah Department of Community and Culture

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Executive Summary

Utah's need for affordable housing continues to outpace availability. For the lowest income population, there is almost a 2,500-unit gap between annual need and what Olene Walker Housing Loan Funds (OWHLF) resources can currently provide.¹ Utah's cumulative need in affordable rental units alone is estimated at 51,000 units.² Additional funding to the Olene Walker Housing Loan Fund can help narrow the gap.

Table I compares the funding and accomplishments of the OWHLF for the past two program years. The table shows annual funding for the OWHLF from the Utah State Legislature and the U.S. Department of Housing and Urban Development (HUD). For FY07 new HUD federal funding to OWHLF was down 7.0 percent compared with FY06 funding while state funds increased 20.4 percent over the same period. Thanks to the Utah Legislature, the OWHLF experienced an overall net increase of \$269,166 in state funding compared to FY06. During FY07, OWHLF staff was successful in securing a one-time award of \$1.5 million from the USDA Rural Development in FY07. During the FY07 program year, a total of 713 units were constructed or rehabilitated with the Olene Walker Housing Loan Fund.³

Table I – Year to Year Comparison of OWHLF Funding and Accomplishments

	Program Year Ending 2005-06	Program Year Ending 2006-07
Totals:		
HUD Funding Awards	\$4,130,216	\$3,840,382
USDA Rural Development One-time Award ⁴	\$0	\$1,500,000
State Funding Awards	\$2,736,400	\$3,295,400
Total Funding Awards	\$6,866,616	\$8,635,782
Total Units Assisted	666 units	713 units
Current Total Portfolio (number of open loans)	851 loans	969 loans
Total Value of Current Portfolio (loans and funds available)	\$72,431,769	\$80,883,578 ⁵
Jobs created ⁶ :	1041 jobs	953 jobs
Cumulative Totals (housing units completed since 1987)	8,372 units	9,085 units
Multi-family Units:		
Multi-family Affordable Units (constructed or rehabilitated)	540 units	527 units
Average OWHLF Multi-family Subsidy ⁷	\$10,623 per housing unit	\$17,279 per housing unit
Household Income Served (percent of area median income for MF units)	39.1%	32.9%

¹ See the 2000 Federal Census. The gap is estimated based upon lowest income households' demand for new units (an estimated 1% increase per year or 625 units) plus all rehabilitated units (an estimated 5% of all existing units or 2,500 units per year) less the 713 units receiving funds from OWHLF in FY07.

² "Out of Reach 2006" published by the National Low Income Housing Coalition, Washington D.C.

³ The HUD HOME program year runs from April 1st through March 31st of each year while the program year for legislatively appropriated funding runs from July 1st through June 30th of each year. For this reason, the total of 713 units reported as completed for the state fiscal year varies from the estimated of 766 units reported as completed for the HUD program year (see the 2007 CAPR Report to HUD).

⁴ Because Utah did not receive the USDA Rural Development award until April 1, 2007, these funds will be committed and expended beginning in FY07. Funds must be match on a 50:50 basis.

⁵ The value of the current portfolio is calculated for FY07 with \$64,955,403 for the value of outstanding loans (per Division of Finance) + \$15,471,622 in total 08 available funds and set-aside's (per DHCD accounting staff report for 6/30/07) + \$456,551 in assets (per Division of Finance).

⁶ "Economic Impact of Affordable Housing, New Construction, Rehabilitation Assistance Programs," Bureau of Economic and Business Research (BEER), University of Utah, September 2004, page 6 reports 1,285 jobs created for each \$100 million in affordable housing construction.

⁷ The OWHLF participation includes loans and grants funded for 2006-07.

MF Fund Leveraging per OWHLF dollar	\$11.50	\$5.56 (\$15.17 leveraged per state dollar only)
Single-Family Units:		
Single-family Units (constructed or rehabilitated) ⁸	126	186
Average OWHLF Single-Family Subsidy	\$14,629 per housing unit	\$21,027 per housing unit

Meeting the Needs of Utah Low-Income Households: Olene Walker Housing Loan Fund Programs

The Olene Walker Housing Loan Fund partners with public and private organizations to create and preserve affordable housing for Utah's low-income community. To achieve this goal, the Division of Housing and Community Development (DHCD) as well as the statutory board and staff of the OWHLF have implemented the intent of Utah Code Section 9-4-703. The Division of Housing and Community Development manages six OWHLF-funded programs, and the programs support the construction, rehabilitation, and purchase of affordable multi-family and single-family housing throughout Utah. These programs provide a fair and competitive basis to promote the creation and preservation of low-income housing.

FY07 Accomplishments

The Olene Walker Housing Loan Fund programs accomplished the following during 2007:

- A. **713 housing units funded in FY07** - The fund supported construction or rehabilitation of 527 multi-family units and 186 single-family units statewide, a 10 percent increase from FY06. Participation per unit increased sharply during FY07 for both multifamily and single family units with an increase in multifamily participation from \$10,623 per unit to \$17,279 and in single family participation from \$14,629 per unit to \$21,027. This increase in participation is due to serving lower income populations in FY07 and the continued escalation in construction and land costs. These circumstances necessitated greater OWHLF funding to create viable project economics.

- B. **Each state dollar leverages \$15.17 per multifamily project** – Over \$50 million was leveraged from outside sources with the \$3.3 million in state funds allocated by the OWHLF Board for multifamily projects. For single family projects, each state dollar leveraged \$3.58 in outside funds.



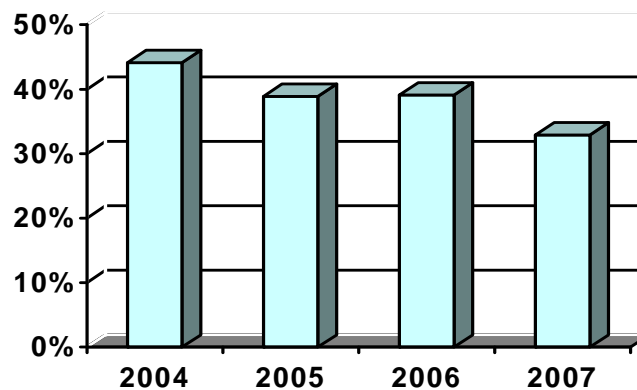
Ogden's Victoria Ridge Apartments 48 units received an EPA ENERGY STAR rating in FY07 and serves an elderly population with incomes ranging from 35-45% AMI

⁸ Since single family (SF) units often receive assistance from two programs including down payment assistance, "double counting" is avoided by not including the SF units receiving down payment assistance.

Over \$9.0 million was leveraged from outside sources with the \$2.5 million in state funds allocated for single family projects.

- C. **OWHLF serves a lower income population at only 32.9% AMI (Area Median Income)** - The board continues to target those citizens in greatest need. The 32.9% served for 2007 multifamily projects compares with the 39.1% served in 2006, 38.9% AMI served in 2005, and 44.1% AMI for 2004 (see Table III). For a family of four, the 32.9% median income equates to an annual salary of less than \$20,200 for Salt Lake County.

Table III
FY07 OWHLF-funded Projects
Area Median Income of Population Being Served

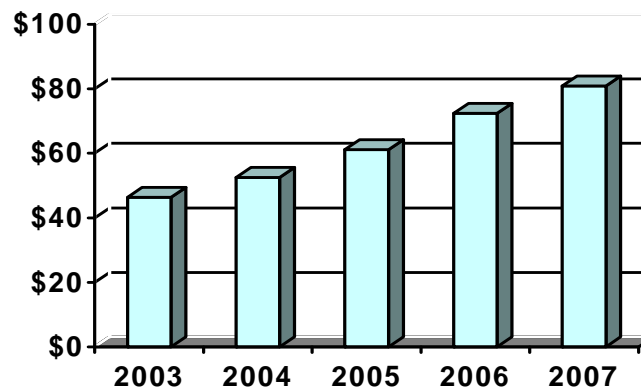


- D. **OWHLF supports 169 more housing units for the homeless** – DHCD is a leader in efforts to end chronic homelessness through the “Housing First” model and Utah’s Ten Year Plan to End Chronic Homelessness. Utah’s population of chronic homeless individuals needs an estimated 2,074 units of supportive housing as of September 2007.⁹ During FY07 the OWHLF Board provided funding for 169 supportive housing units for the chronically homeless. This includes the 84 unit Grace Mary Manor being developed by the Housing Authority of the County of Salt Lake. The 100 unit Sunrise Metro Apartments which received OWHLF funding in 2005 were dedicated in March 2007. Another 373 units are planned for 2008-09, which will bring the total number of new OWHLF- supported housing units for the chronically homeless to 642.
- E. **\$1.5 million in new federal rural multifamily rehabilitation funds awarded to Utah** – In April 2007, the Division of Housing and Community Development was awarded \$1.5 million in matching RD 515 funds from the U.S. Department of Agriculture’s Rural Development program to upgrade properties previously receiving RD 515 loans. This supplements the \$3.2 million in HOME funds received from the U.S. Department of Housing and Urban Development. All federal funds are matched with state funds.

⁹ The number of estimated supportive housing units is based upon the statewide “point in time” estimate of homeless persons, produced by the Utah Division of Housing and Community Development, September 11, 2007.

- F. Olene Walker Loan Fund increases to \$80.9 million** – The total value of the OWHLF Fund (including the all loans outstanding, property assets, and funds available) increased to \$80.9 million in FY06 from \$72.4 million last year (see Table IV). At the same time, the number of full time DHCD Staff assigned to OWHLF dropped to 8.5 FTEs. Although the total fund increased from FY06 to FY07, the total demand for loan and grant products continues is increasing. The demand for funds during the FY08 fall OWHLF cycle is expected to be 50% higher compared with the FY07 fall cycle.

Table IV
Total OWHLF Portfolio Value (loan portfolio, property assets and funds available)



- G. OWHLF targets rural housing needs for FY07** – OWHLF continues to target loans and grants to rural single-family and rural multi-family projects. From 1987-2007, the OWHLF has allocated 56.2% of all funds to rural housing projects. This targeting helps rural communities that are not entitlement areas and cannot directly receive HUD HOME allocations.
- H. Projects assure long-term affordability** – In FY07, the Olene Walker Housing Loan Fund continued to require funded properties to maintain affordability for up to 30 years. In addition, the application review process, loan underwriting, and compliance monitoring by DHCD staff assures that property owners possess the ability, stability, and resources to complete and manage a property throughout the loan period.
- I. 426 self-help homes completed through FY07 in partnership with USDA Rural Development** – Seven local agencies that serve rural Utah received OWHLF allocations for FY07 self-help housing projects. The total number of self-help homes constructed to date totals 426 with 41 homes completed during FY07. Households contribute 60 percent of



Forty-one homes were completed in 2007 under the Self Help Program.

the labor for each home under the direction of an agency's construction supervisors. Licensed contractors complete code-sensitive aspects of construction.

- J. **57 households receive Down Payment Assistance loans in FY07** - Under the American Dream Down Payment Initiative Program (ADDI), local agencies received \$132,302 to provide first time home-buyer assistance to households with an average income of less than \$27,000 per year. The total number of households served by this program though FY07 now totals 364. Loans are due upon death or sale.
- K. **Loan management efficiency and compliance improvements for FY07** – During FY06, DHCD implemented recommendations from a previous HUD and State Auditor audits resulting in no findings from the State Auditor's Office in FY07. Additional changes in loan processes and staff responsibilities are creating higher levels of program efficiency, customer satisfaction, as well as tighter compliance to state and federal regulations. In FY07 DHCD partnered with the Office of Attorney General for assistance with all legal and loan documents for OWHLF financing. Six trainings were held for housing development agencies during FY07 including trainings on the Fair Housing Act, environmental requirements, and Davis Bacon provisions. DHCD completed long-term compliance monitoring at 158 separate properties during FY07 compared to 110 properties during FY06. Compliance monitoring includes review of tenant file at each property, physical inspection of units, assessing accessibility, verifying adherence to federal fair housing laws, and reviewing financial records.
- L. **OWHLF supports Navajo Group Workcamps Project** – The OWHLF provided \$40,000 to upgrade the conditions for 51 Native American homes occupied by the low income and elderly near Aneth, Utah. Four hundred volunteers provided a total of 15,000 volunteer hours. The project is managed each year by DHCD's Weatherization Assistance Program. A total of 435 Navajo-owned units have been completed to date under this program.
- M. **ENERGY STAR Program** – To help households and unit operators reduce long-term utility costs, the OWHLF Board is encouraging new and rehabilitated units to comply with higher energy efficiency standards. By June 30, 22007, 1,082 units were completed or funded to meet the U.S. Environmental Protection Agency's ENERGY STAR standard. Completed ENERGY STAR units also participate in Rocky Mountain Power and Questar utility rebate programs. ENERGY STAR qualified units can achieve a 30% savings in utilities. The Stratford Apartments in downtown Salt Lake City has average utility bills of \$4.00 per month thanks to ENERGY STAR and an array of photovoltaic solar panels.



The Navajo Group Workcamps Project at Aneth, Utah served 51 Navajo Mountain homes.

- N. **Ten disabled households make home purchases** – Disabilities are a major factor in affordable housing with a disabled resident in 20 percent of all very low-income households. For FY07, ten households with disabled occupants received loans to purchase homes through the OWHLF-funded HomeChoice Program.
- O. **Single Family Rehabilitation and Reconstruction Program (SFRRP) Pilot Program Success** – June 30, 2007 marked the successful end of the two year pilot period for DHCD's new rural single family program. In partnership with the USDA Rural Development and five local Associations of Government, the SFRRP program assisted 91 households in 17 rural counties. During the first year, the program leveraged \$877,928 in USDA funds and \$202,309 in other funds. The OWHLF Board has established the new SFRRP program as ongoing beginning in FY08.

Profile of Utah's Low-income Housing Needs

New Affordable Units Needed

Based upon population growth, low to moderate-income households (those households less than 80% of the Area Median Income or AMI), needed 4,342 new affordable housing units per year from 1996-2002, while only 2,621 per year were constructed, creating a 40% gap.¹⁰ According to the U.S. Census for the lowest income population (those households below 30% AMI), approximately 625 new housing units are needed each year to meet Utah growth projections.¹¹



Thirty-four percent of homes in some rural Utah counties are dilapidated.

For homeownership, affordability issues are compounded as housing costs continue to outpace income. The average Utah home (excluding Park City) sold for \$248,969 in the second quarter of 2007 with a fraction of the overall home sales within an affordable range of less than \$160,000.¹²

Rehabilitation Needs

In addition to this demand for new units, affordability for almost 63,000 existing low-income housing units (less than 30% AMI) must be maintained including 41,500 rental units.¹³ For the lowest income population, this equates to almost 2,500 units needing rehabilitation each year.¹⁴

¹⁰ For households less than 80% AMI, a 2003 study by the UBER shows 30,400 new affordable housing units needed between 1996-2002 (approximately 4,342 units per year) with 18,350 constructed or 2,621 units per year leaving a gap of 1,721 units.

¹¹ Utah has 701,281 households (renter and owner occupied) per the 2000 Federal Census for Utah with 62,591 of those households below federal poverty levels (less than 30% AMI) with a projected increase of almost 1% or 625 housing units needed per year.

¹² "2nd Quarter Housing Statistics", published by the Utah Association of Realtors, 2007.

¹³ See 2000 Federal Census. As an example of the problems facing Utah's lower income households, 28 percent of those households rent their home and 43 percent of the households cannot afford fair market rent for a two-bedroom apartment. Affordability is related to trends in housing prices - home prices increased 104 percent and rental prices increased 62 percent from 1990 to 2000 while median income rose 24.1 percent. See "Poverty in Utah 2003 – Annual Report on Poverty, Economic Insecurity, and Work" prepared by Utah Issues, SLC, pp. 31-32. The number of rental units inhabited by populations at <50% AMI is 65,000 per the UBER's James Wood (presentation to the 2006 Housing Credit Conference), April 6, 2006.

A 2005 survey of Utah's low-income housing stock shows an ongoing need for rehabilitation. In parts of eastern Utah, 34% of the homes are considered deteriorated or dilapidated (unlivable). Under the OWHLF Programs, participants living in these difficult, unsafe or unsanitary conditions are identified and targeted for assistance. Referrals are often received from social service providers, church leaders, and low income advocates. Virtually all the owner-occupied single-family homes rehabilitated by OWHLF in FY07 had health and safety issues.

Voucher Needs

Approximately 13,000 families and individuals participate in the HUD Housing Choice Voucher Subsidy Program and 1,480 participate in the USDA Section 521 rental assistance program. However, the voucher waiting list for most local agencies is approximately 18-24 months. During FY07, the OWHLF Board allocated 50 vouchers throughout Utah to support the "Ten Year Plan to End Chronic Homelessness". These 50 vouchers are used by local agencies to transition the homeless off the streets and out of the shelters while those same homeless individuals and families wait for permanent housing vouchers.

The need for vouchers and the availability of quality housing units were compounded in FY07 with the closure of five mobile home parks affecting 308 units and the sale and reconfiguration of rents at the Hartland Apartments in Salt Lake County that affected 175 refugee households, many with expiring federal assistance. The mobile home and refugee situations will continue into FY08, increasing the demand for both vouchers and units.

The Need for Affordable in Rental Units

Rental units in Utah currently average \$565 per one bedroom unit and \$678 per two bedroom unit at fair market rents. With the estimated mean renter wage at \$9.92 per hour, a worker must earn \$10.86 per hour to afford a one bedroom unit and \$13.04 per hour to afford a two bedroom unit. As noted in Table 3, the hourly wage in some communities needed to afford a one bedroom unit range from a low of \$8.56 per hour in Carbon County to \$17.62 in Summit County. Clearly, to maintain local economies there is a need for more affordable rental properties for workers in lower paying jobs.

Table V
Renter Wages by County Verses Affordable Rent¹⁵

County	Est. Mean Renter Wage	Wage Needed to Afford One-Bedroom Unit	Wage Needed to Afford Two-Bedroom Unit
Beaver	\$8.20	\$9.63	\$11.17
Box Elder	\$11.00	\$9.13	\$11.50
Cache	\$7.46	\$9.46	\$11.83
Carbon	\$8.83	\$8.56	\$10.29
Daggett	\$9.17	\$9.63	\$10.67

¹⁴ Based upon an average useful life for most housing systems (heating, toilets, stoves, windows, etc.) of 20-25 years, approximately 2,500 to 3,100 existing units must be upgraded and preserved as affordable housing each year. The base of 2,500 units is calculated by taking total units per the Census at 62,591 and assuming rehabilitation every 25 years or 2,504 units per year. The cost for rehabilitating the nation's public housing stock is estimated at \$18,847 per unit (see "Tools and Solutions for Public Housing Authorities," Fannie Mae, April 29, 2005, page 11.)

¹⁵ "2006 Out of Reach", National Low Income Housing Coalition, Washington D.C.

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Davis	\$8.41	\$9.98	\$12.29
Duchesne	\$10.14	\$9.63	\$10.67
Emery	\$10.60	\$9.63	\$10.67
Garfield	\$6.61	\$9.63	\$11.77
Grand	\$6.57	\$9.67	\$10.73
Iron	\$7.10	\$9.27	\$10.67
Juab	\$8.79	\$11.12	\$12.98
Kane	\$7.55	\$9.63	\$11.77
Millard	\$8.27	\$9.63	\$11.77
Morgan	\$8.40	\$9.98	\$12.29
Piute	\$5.01	\$9.63	\$11.77
Rich	\$4.87	\$9.50	\$11.88
Salt Lake	\$11.25	\$11.38	\$13.73
San Juan	\$10.36	\$9.63	\$10.67
Sanpete	\$6.22	\$9.63	\$11.77
Sevier	\$7.16	\$9.63	\$11.77
Summit	\$8.71	\$17.62	\$19.58
Tooele	\$9.97	\$10.54	\$12.54
Uintah	\$10.80	\$9.00	\$9.98
Utah	\$9.08	\$11.12	\$12.98
Wasatch	\$8.55	\$11.62	\$15.31
Washington	\$8.74	\$10.52	\$12.50
Wayne	\$8.58	\$9.63	\$11.77
Weber	\$7.89	\$9.98	\$12.29
Utah Statewide Average	\$9.92	\$10.86	\$13.04

Emergency Housing Needs

As noted above, FY07 included an emergency housing crisis for refugee groups at the Hartland Apartments in Salt Lake County and for residents living in five mobile home parks that were closed. When the Hartland Apartments was sold and reconfigured to market rate units, 175 units of refugees were displaced. When the five mobile home parks were closed in Cottonwood Heights, Heber, Midvale, Salt Lake City, and Spanish Fork, another 308 units of affordable housing were affected with approximately 50 percent seeking other affordable housing units to rent or buy.

For FY08, the Division of Housing and Community Development there will be continued housing emergencies due to the arrival of more refugees, several more mobile home park closures, displacement of renters due to condominium conversions, and the possible sale of three large rental complexes (former affordable tax credit properties) as market rate rental units. On top of the 2500 new units needed to handle normal population growth and demand for affordable housing units in FY08, these housing emergencies could require additional 500-550 units.

Utah's Housing Priorities and Planning

Utah's Consolidated Plan is the designated research and planning tool for the State of Utah and individual local government agencies throughout the state. Regional associations of local government develop regional consolidated plans through research and public meetings

involving residents, local governmental agencies, and public service entities. The Utah Division of Housing and Community Development prepares a new statewide Utah Consolidated Plan every five years with annual updates per Federal CFR 24-9-121 Rule and the Department of Housing and Urban Development (HUD). The Utah Consolidated Plan provides a comprehensive review of community development, housing and homeless needs and priorities. It provides summary demographics including minority characteristics and the



The Utah Consolidated Plan assesses housing needs and priorities.

extent of poverty, overall regional economy including unemployment rates, housing, the degree of homelessness and the result of capital investment planning for community development needs.

In April 2007, the U.S. Department of Housing and Urban Development approved Utah's annual update to the five-year plan. Assuming a consistent level of federal and state funding for each of the next five years, Olene Walker Housing Loan Funds are targeted to achieve the following Utah Consolidated Plan projected outcomes (see Table III):¹⁶

**Table VI: 2005 Utah Consolidated Plan
Housing Priorities
(Number of housing units)**

	2007	2008	2009
Priority #1 – Create safe and affordable multi-family rental housing for very low, low and moderate income households.	1000	1050	1100
Priority #2 – Create accessible housing for persons with physical disabilities.	100	100	100
Priority #3 - Create affordable housing for persons who have mental disabilities.	30	30	30
Priority #4 – Create housing solutions to implement the “Ten Year Plan for the Elimination of Chronic Homelessness.”	100	150	150
Priority #5 – Insure adequate housing for persons and families with special needs.	15	15	15
Priority #6 – Increase homeownership opportunities for lower income families.	350	350	350
Priority #7 – Provide for housing planning and development technical assistance training for local on-profit providers.	2-3 workshops	2-3 workshops	2-3 workshops

Local Housing Plans

The Division of Housing and Community Development believes that projects funded through the OWHLF board should meet local needs for affordable housing as identified in quality local

¹⁶ For a copy of the 2005 Utah Consolidated Plan and 2007 update, see:
http://community.utah.gov/housing_and_community_development/OWHLF/consolidatedplan.html

housing plans. To this end, DHCD is currently evaluating 150 housing plans from across the state to determine which cities and counties have prepared, reviewed, or updated housing plans per 10-9a-408 and 17-27a-408. The evaluation includes a qualitative review of the plans submitted to determine the level of technical assistance and information needed by municipalities to complete a useful housing plan. The qualitative score for the local plans is averaging 3.6 (on a scale with 1.0 as poor to 9.0 as excellent) which suggests that plans do not accurately forecast housing needs or present options and strategies that best meet community needs.

A partnership has been established between the Division of Housing and Community Development, six Utah-based industrial banks, and a nonprofit organization. Because the banks are required to meet the requirements of the Community Reinvestment Act, they are willing to provide financial support for developing and delivering training and workshops on affordable housing planning to cities and counties beginning in late summer and fall 2007. These partners are also financing the development of a software tool that allows communities to project population growth and the need for low to moderate-income housing. The partnership will provide information about local housing plans during the fall 2007 Utah League of Cities and Towns conference. DHCD hopes that this training and technical assistance will raise the quality of the 150 housing plans and result in more applications to the Olene Walker Housing Loan fund meeting real community needs.

Olene Walker Housing Loan Fund Administration and Portfolio Management

The OWHLF Board as established per 63-34-4 and 9-4-701 to 708 governs the fund. Federal HUD and USDA Rural Development rules, state regulations, and the OWHLF Allocation Plan guide implementation of programs and distribution of funds. Fund management, expenditures, and program operations are reviewed and audited by the U.S. Department of Housing and Urban Development and the Utah State Auditor.

Since 1987, DHCD has provided leadership for Utah's affordable housing sector. From 1987 through June 30, 2007, the DHCD-managed programs and funding have created or preserved a total of 9,085 units statewide. OWHL Funds are dispersed through the Division of Housing and Community Development's housing programs to eligible projects that:¹⁷

- Achieve a high degree of leverage with other sources of financing;
- Leverage high local government project contributions in the form of infrastructure improvements and other assistance;
- Encourage responsible single-family home ownership and multi-family unit management;
- Demonstrate a strong probability of serving the original target group or income group for a period of at least 15 years;
- Demonstrate the ability, stability and resources to complete the project;

¹⁷ Because some geographic areas of the state receive HUD HOME funds directly from HUD (including Ogden City, Salt Lake County, Salt Lake City, and the Provo Consortium), the programs offered through the Utah Division of Housing and Community Development target those areas not otherwise served.

- Serve the greatest need;
- Provide housing for persons and families with the lowest incomes;
- Meet local government housing plans and local needs; and
- Mitigate or correct existing health, safety or welfare problems.

The loan portfolio currently totals 969 loans (see Table VII) with 38 loans (3.9 % of the portfolio) that are 90 days overdue on June 30, 2007 compared with 24 loans that were 90 day overdue on June 30, 2006.

**Table VII: OWHLF Loan Portfolio
FY03 to FY07**

	Loan Portfolio Size (number of loans)	Value of Loan Portfolio (outstanding loans only)¹⁸
FY03	848	\$41,688,888
FY04	874	\$52,487,397
FY05	889	\$48,860,716
FY06	851	\$51,327,345
FY07	969	\$53,194,999

Funding Considerations

For each housing project, DHCD recommends a level of funding to the board necessary to achieve long-term financial viability and to ensure that low-income populations are served throughout the funding period. Board meetings are conducted under State of Utah public meeting laws. In making final project approvals, the OWHLF Board also considers:

- The sources and uses of funds and total financing including loan terms, equity and contributions planned for the project.
- Adherence to special set-asides for Community Housing Development Organizations (CHDOs), rural set asides, special needs housing, and grants (see Attachment A).
- The equity proceeds expected to be generated by use of the Low Income Housing Tax Credits.
- The percentage of the housing dollar amount used for hard project costs compared to the cost of intermediaries (e.g. syndication, developer, consulting) and other soft costs.



100 units at Sunrise Apartments were dedicated in January 2007 to provide supportive housing for the chronically homeless – the project included \$1.5 million approved by the OWHLF Board

¹⁸The total value of outstanding loans varies each year as a function of repayments in principle and interest during the year. DHCD expects to allocate the principle and interest from FY07 to eligible multi-family projects during FY08.

- The reasonableness of the developmental, construction, and operational costs of the project and the rate of return of the owner's investment.
- The support from the local community including the amount of any CDBG grant funds allocated to the project.
- The proposed time frame for construction or rehabilitation.

Four application cycles occur throughout each year. To coincide with the federal tax credit application process, larger requests for OWHLF multi-family project funding tend to occur each fall. DHCD anticipates an increase in requests for FY08 funding due to overall demand for affordable housing as well as increased construction and land costs. See Table VIII for a list of multifamily projects funded in FY07.

Table VIII: Multi-family Projects Receiving OWHLF during FY07

Name of Multifamily Project Funded	County Served	Number of Units Funded	Targeted AMI	OWHLF Funds Allocated
2nd West Apartments	Salt Lake	6	40.00%	\$280,000
5th East Apts.	Salt Lake	5	38.00%	\$50,000
Cedar Park Apartments	Iron	19	30.00%	\$393,000
Christensen	Sanpete	16	38.44%	\$251,529
Delta Manor II	Juab	18	41.11%	\$174,443
Family Support Center	Salt Lake	8	25.00%	\$298,450
Grace Mary Manor	Salt Lake	84	17.00%	\$1,000,000
Graham Court (supplemental funding)	Weber	NA		\$25,950
Holiday House	Salt lake	7	25.00%	\$53,000
Jefferson Park Apartments	Washington	50	34.00%	\$807,581
Kara Manor Apartments	Weber	44	34.32%	\$648,454
Mountain Shadows	Juab	24	38.17%	\$601,819
Murray 4-plex	Salt Lake	4	25.00%	\$60,000
Red Hawk Apartments (supplemental funding)	Washington	NA		\$148,147
Ridgeview Expansion	Weber	4	50.00%	\$47,504
Solomon Cottonwoods	Grand	8	38.00%	\$184,453
Spring Hollow Apartments	Cache	50	33.80%	\$366,959
Springs at Logan River	Cache	60	38.20%	\$794,365
St. George Sr. Duplex	Washington	2	50.00%	\$50,000
Transitional Home Roosevelt	Duchesne	2	25.00%	\$38,050
Twin Rivers Apartments	Duchesne	12	37.50%	\$334,192
UBAC	Duchesne	4	50.00%	\$347,224
Unity Place(supplemental funding)	Uintah	NA		\$51,040
Valley Horizon II	Salt Lake	59	35.00%	\$1,250,000
Willowood Apartments	Cache	41	38.54%	\$850,000
Totals/Average		527		\$9,106,160

Olene Walker Housing Loan Fund Board Membership

The Olene Walker Housing Loan Fund Board is appointed by the Governor and includes 11 voting members representing various housing-related sectors including: local government, mortgage lenders, real estate sales, homebuilders, rental housing representatives, housing advocates, manufactured housing representatives, and the general public. There are two ex officio board members. Six of the current board member appointments expire during FY08.

To maintain the integrity of board decisions and to abide by HUD regulations and state statute regarding conflicts of interest, all board members are required to provide the Attorney General's Office and the Office of the Governor full disclosure of project-related conflicts of interest. When conflict of interest situations occur, the board is required to request formal exceptions through the Utah Attorney General's Office and from the HUD Regional Office. Although thirteen requests for HUD exceptions occurred in FY05 and FY06, the changes in board membership in FY06 eliminated the need for any requests in FY07.

The OWHLF Board has adopted a meeting structure that increases board effectiveness by consolidating the number of meetings including subcommittees from 24 meetings per year to 8 meetings per year. Following this change, the four quarterly board meetings are preceded by a board working meeting where applications for funds are carefully reviewed, issues discussed, public comment solicited, and recommendations formulated. These working board meetings allow the quarterly board meetings to focus on decision-making rather than application discussion and discovery. In addition to this change in meeting structure and at the recommendation of the Utah Attorney General's Office representative, the board rescinded the old OWHLF Board Bylaws on July 13, 2006, and approved a resolution in accordance with UCA 9-4-703. This insures that the board better complies with Utah's open meetings laws.

ATTACHMENT A

OWHLF Set-asides

The Olene Walker Housing Loan Fund Board has created the following set-asides to comply with federal and state allocation statutory requirements. These set asides include:

1. **CHDO** - The board will set-aside not less than, but not limited to 15% of the available HUD funds for qualified Community Housing Development Organizations (CHDO's) in accordance with HUD HOME program rules.
2. **Rural Set Aside** - To encourage the development of affordable housing in rural and distressed areas of Utah, the board will set aside approximately 20% of the overall funding available for projects located in those areas of the state adapted from the U.S. Department of Agriculture Rural Development Service ("RD") as areas of chronic economic distress otherwise designated by the board as rural areas.
3. **Special Needs** - To encourage the use of funds and meet the objectives of the program as prioritized under the Utah Consolidated Plan, the board sets aside 15% of the overall funds for use in developing special-needs housing for persons who are elderly, frail elderly, mentally and physically disabled, homeless, persons with AIDS who need transitional housing.
4. **Grants** - To encourage the use of the funds and to meet the objectives of the program, a set-aside of 5% of the overall funds available for multi-family projects shall be made available to qualified projects and individuals as grants per the OWHLF Allocation Plan. At least 90% of all funds used as grants shall benefit persons or families whose income is below 50% of the area median income.
5. **Loans** - To encourage the use of the funds and to meet the objectives of the program as set forth by the State of Utah per 9-4-703, a set-aside of 50% of the overall funds available for multi-family projects, shall be allocated as loans. Those loans to be made per the criteria outlined in the adopted "Loan Policies and Products".
6. **Single-Family** – The Single-Family Allocation Plan utilizes funds to create and preserve single-family housing for lower income households. Projects must demonstrate containment and resource leveraging; demonstrate efficient and effective utilization of funds; encourage individual empowerment; achieve equitable geographic distribution of resources; and provide housing to special-needs populations including: larger family, elderly, physically disabled, and mentally ill. Single-Family Programs include the Single-Family Rehabilitation and Reconstruction Program, Down Payment Assistance, Self Help Program, HomeChoice Projects for the disabled, and Emergency Home Repair.
7. **Project Development** - The board has set aside a maximum of \$30,000 for each pre-development of projects (as defined by the Allocation Plan).

Division of Housing and Community Development
Gordon D. Walker, Director

Olene Walker Housing Loan Fund Board

JoAnn Seghini, Chair
Joe Piccolo, Vice Chair
Stephen Blaser
Vincent Clayton
Gloria Froerer
Craig Hackett
Marty Henrie
David Luna
Megan Ryan
David Wall
Jayne Wolfe
Robert Snarr, Ex-Officio
Kelly Jorgensen, Ex-Officio

